Alba Gibbs Joffe

As free market transactions are voluntary, all parties involved would be made better off from them. Why then do governments gets so involved in most markets?

Word Count: 2000

Underlying twenty-first-century understandings of the market is the notion that as free market transactions are voluntary they are mutually beneficial to market actors. Such a view seems borne out of blindness to the inequality that free market capitalism relies on. Perhaps more pernicious is the myth that governments simply exist as attendant to the primordial market (Arrow 1974).

In the course of this essay, I will seek to demonstrate that such views belie the truly vicious nature of the "free market". I will take Ha-Joon Chang's (2002a) assertion that the free market is a contestable term since what is defined as state intervention in a market is dependent upon societally agreed-upon rights-obligation hierachies. Further, defining the free market as distinct from the state suggests that the market emerged spontaneously. Whereas, I will seek to establish that in fact "[t]he road to the free market was opened and kept open by an enormous increase in continuous, centrally organized and controlled interventionism" (Polanyi 1957).

Firstly, I will argue that we must be attentive to the fact that capitalist free market economies operate through logics of spatial and social differentiation (Melamed 2015) which produce deeply unequal societies- the ultimate consequence being that market transactions are only authentically voluntary for a privileged few. After this, I will elucidate the notion that governments are "never 'outside' the market in any real sense" (Munk 2006) since they have been the chief agents in facilitating the emergence of markets. Further, not only have governments been central to the creation of markets, but they have also served to ensure the market's survival. What's more, governments define the market by delineating which goods are transformed into market goods. This can serve to protect against the "tendency of market practices to corrupt or crowd out nonmarket values worth caring about" (Sandel 2013). Finally, we will conclude that in no sense can we consider transactions in the so-called free market as beneficial to market actors.

The extent to which a person's actions in the market can be considered voluntary is dependent upon a person's wealth. In most societies deemed free market economies today significant differences in wealth exist (Piketty 2014), this "inequality can undermine the voluntary character of an exchange" (Sandel 2013). Marx argues that the roots of this inequality lie in "primitive accumulation" (Marx 1977) which violently severed the peasants from their common land and thus created impoverished landless labourers, ushering in capitalism. This differentiated class of dispossessed people was then inserted into the capital relation that made accumulation possible.

In contrast, Cedric Robinson (2021) has contended that the differentiation that capitalism acts through begins in feudalism. Robinson demonstrates that racialized differentiation has its roots in feudal Europe, where elites posited their own "distinct racial origins", as separate from those they ruled, in order to legitimatize their power. These forms of feudal racial differentiation were subsequently repurposed to justify enslavement and colonisation. It is vital to recognise that enslavement and colonisation were central to fuelling the industrial

revolution, which was constituent to the expansion of “free markets” in the West (Hall et al. 2014; Williams 2022). What’s more, Robinson maintains that capitalism has integrated the logic of differentiation, employed by slavery and feudalism, to make possible the exploitation of peoples and the accumulation of wealth in the hands of an elite. Ruth Wilson Gilmore (2002) expresses this through her description of racial capitalism as a technology of *antirelationality* that produces “social separateness—the disjoining or deactivating of relations between human beings (and humans and nature)—needed for capitalist exploitation to work” (Melamed 2015). Thus unequal distribution of wealth occurs along lines of constructed difference.

Central to the purposes of this essay is that the processes of differentiation that are inherent to capitalist free market societies produce wealth inequality both within nations and on a global scale. This wealth inequality calls into question the supposedly voluntary nature of free market transactions. If a starving person sells their labor might we in fact consider this person's choice to have been coerced? It seems that if we hold that inequality is endemic to free market capitalism, it suggests that transactions made within the free market are not voluntary except for members of the elite.

Keynes also acknowledges that inequality arises alongside free market capitalism and constrains people's ability to engage in voluntary transactions (1936). He argues that governments must engage in redistributive and other counter-cyclical economic policies in order to correct the inherent instability of markets. Yet such a view is perhaps misleading as it suggests that markets emerged spontaneously, and then governments responded to them retroactively. Such a view requires a form of a-historicism that is simply insupportable. As Polanyi insisted, the birth of markets “was almost always deliberately engineered by the state” (Chang 2002a; for further evidence see Chang 2002b). Indeed, the UK and US, which are oft-pointed to as models of free market economies were, in fact, reliant on huge levels of government intervention to facilitate the emergence of their markets. Kozul-Wright (1995) has charted how US government intervention- such as the establishment of property rights, the implementation of policies that enabled critical physical infrastructure to be built, and most importantly its protectionist trade policies (Freeman,1989) - were vital to the inception and subsequent success of its ‘free market’. Likewise, Polanyi has noted that the free market could not have emerged in the UK without, for example, “the innumerable enclosure laws” implemented by the government. Such observations indicate that governments, through their administration of property rights, make possible the commodification of nature into land, which is a prerequisite of capitalist free markets (Munk 2006). Further, the protectionism that characterised the emergence of the free market in the UK and US is not confined to the West. Analysis by Chang (2006) of the “East Asian miracle economies” reveals that protectionist trade policies were vital to the growth of “free markets”. In contrast, the imposition of neoliberal trade policies through structural adjustments in Africa has proved disastrous in facilitating the emergence of markets (Daviron and Gibbon, 2002). Any attempt to disentangle free markets from governments will prove unfeasible, given that governments have almost always been the chief agents that facilitated the creation of free markets. Therefore, it is not so much that governments “get so involved in most markets”, but rather that they are involved in markets from the outset.

Governments have not only been central to the emergence of free markets but have also been crucial to the survival of such markets. According to classical economics, governments

only ensure the survival of free markets insofar as they correct for “market failures”, such as monopolisation. We have already alluded to Keynes’ rejection of this view. He argued that state interventions, which guarantee and sustain full employment, as well as attack excessive concentrations of income and wealth, should serve to moderate business cycles (Filho and Terra 2012). However, both understandings of how governments aid the survival of free markets fail to recognise the more fundamental way in which governments sustain markets. Michel Foucault contends that governments provide markets with the labour necessary for the functioning of a free market via maintaining the ‘biopower’ of their citizens (Foucault, 2009). The provisions of a welfare state, a minimum wage, and restrictions on working hours ensure the health of a populace and thus their ability to work and furnish the market with goods. We cannot overstate the centrality of governments to the functioning of free markets. This again signifies to us that the government and the free market cannot be disengaged from one another.

We have examined how governments are “never ‘outside’ the market in any real sense” (Munk 2006) because of their centrality to the formation and survival of the free market. We can also view governments and markets as inextricable in a further sense: governments define which goods become market goods. Taking a Foucauldian lens, we may see government decisions as to which goods are deemed market goods as being determined on a biopolitical basis that aims to ensure the health, and thus readiness for labour, of the population. Yet we must be careful to avoid a reductive purely economic analysis of how governments define which nonmarket goods can be commodified. Chang (2002) argues that the parameters governments set around what can be included within the market are dependent upon culturally specific consensuses regarding hierarchies between rights. For example, the decision of a nation to prohibit the use of child labour demonstrates an implicit agreement that the right of a child not to work takes precedence over the right of employers to employ whoever they find most profitable. Michael Sandel (2013) has elaborated on these points and maintained that societal moral norms and values serve to shape how governments decide “what should, and what should not, be up for sale”. When governments, alongside citizens, decide whether they want free market mechanisms to govern an area of life they previously did not they consider whether commodifying a non-market good will degrade its fundamental nature. This is because markets “embody certain norms. They presuppose- and promote- certain ways of valuing the goods being exchanged” (Sandel 2013). An illustration of this has been provided by Richard Titmuss (1971) who highlighted that the voluntary UK blood collection system functions much more efficiently than the commercialised US system. Titmuss argued that this is because when we deem blood a market commodity people do not feel that they have a moral responsibility to donate blood, rather it begins to be seen as a “kind of folly” (Sandel 2013) to give away blood for free. Thus, commodifying blood donation serves to erode nonmarket values such as altruism and civic spirit (for further illustration see Gneezy and Rustichini 2000). This example points to the control governments have in limiting the reach of the market, which can serve to protect nonmarket values from being degraded. It is evident that the free market cannot be seen as an entity distinct from the government, owing to the fact that governments delineate the parameters of the market. Yet governments seem to play a contradictory role: they both create and sustain markets whilst, to varying degrees of success, they defend social values deemed important to their citizens from being subject to market mechanisms. This betrays the dual loyalties of governments to their citizens and the markets they helped create.

We have demonstrated that free market transactions can in no sense be considered voluntary for the majority and that governments do not become involved in markets retroactively, but are central to the creation and survival of markets. It is now possible to see why not all parties involved in free market transactions are made better off by them. As we have discovered free market capitalism is reliant on differentiation in order to legitimise and make possible the accumulation of capital in the hands of a minority (Melamed 2015; Robinson 2021). This creates wealth inequality which renders the majority unable to make voluntary market transactions. Clearly, when market transactions, such as selling one's labour, are coerced people are left vulnerable to exploitation and powerless to demand better working conditions- such a situation does not evidently leave people better off. Likewise, the degree to which the government will maintain a population's health and well-being will be dependent on what is expedient to the free market (Foucault 2009). Thus people’s level of health and well-being is constrained and the degree to which people are left better off is contingent upon market interests. Finally, when we introduce free market mechanisms into areas of life previously considered outside the parameters of the market we change the meaning and value of such practices for the worse because market incentives replace nonmarket motivations (Sandel 2013). Further, as illustrated by Titmuss (1971), when we change norms and values by commodifying nonmarket goods and practices it often results in less, not more, efficiency. This demonstrates that the central justification for markets- namely that they unleash efficiency which makes market actors better off- does not in fact always hold true.

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